
A CRITICAL LOOK AT HUBEI YIHUA GROUP'S "CORPORATE CULTURE"

By Wei Ziyou

Wei Ziyou examines documents written by workers at Hubei Yihua Group describing working conditions in the company and suggests that the company fails to implement its stated policy of "putting people first" and violates numerous worker rights.

A friend of mine recently gave me some documents about the Hubei Yihua Group Corporation ("Yihua Group"). He said that workers employed there had repeatedly asked him to write an article criticizing the company. But special circumstances made it difficult for him to do so, so he asked me to write something in defense of those workers' rights.

After reading the first document, I was very angry, but since it was hard for me to believe, I put off writing

this article for a while. I then received two more documents about Yihua Group. Although all three documents were written by the workers themselves and were in parts not particularly clear, I felt that the first and the third could each stand alone as an article. I also thought that what they exposed had not been reported in the media, but was still newsworthy. As I see it, these three documents not only form a factual basis for this article, but are also themselves of considerable public interest. In the interest of accuracy, I should point out that I have tidied up the first and third documents slightly, and I have reorganized the second one. I will first provide sections from the first two documents, and add comments below them, and then add my final comments after providing sections from the third document.

Employees participate in a rope skipping competition outside a China National Petroleum Corporation (CNPC) factory in Lanzhou, Gansu Province. Photo credits: REUTERS/Jason Lee.



Document #1

Yihua Group was founded in 1995 as an enterprise wholly owned by the Hubei Administration of State-Owned Assets. Jiang Yuanhua is currently the group's chairman and general manager. In late November 2006, Yihua Group took control of Hubei Shuanghuan Chemical Co. following its initial public offering, and appointed Li Xiao as its general manager. In the six months that followed this change in management, Yihua Group ordered Hubei Shuanghuan to implement a corporate management strategy consisting of six "magic formulas": 1) corporate culture; 2) comparative management; 3) system of investigation and responsibility; 4) team leaders; 5) management by objectives; and 6) informationization. The first four elements of the corporate management strategy are currently being implemented; the last two have yet to be put into practice. But workers throughout Shuanghuan have complained about these programs and many have resigned because of them. Many more cannot afford to quit because their professional prospects are grim, so they simply bear their misery in silence. Most Shuanghuan workers and staff members consider the new corporate strategy to be a huge burden and are very unhappy with it.

1. CORPORATE CULTURE

In his writings and speeches, Jiang Yuanhua has frequently boasted that the corporate culture he created "puts people first,"¹ is a "culture of enthusiasm," a "culture of gratitude," and a "culture of criticism." But what are things really like in his company?

First, workers are not paid their housing allowance. Neither those who are still working for the company nor those who have resigned have been paid a penny. The answer is always: "You'll have to wait."

Second, the retirement insurance files of the workers who resigned have not been transferred. The

answer is always: "The company can't do all that paperwork for you alone." But several hundred workers have quit in less than half a year.

Third, the company applies psychological pressure and coercion to force the workers to accept its corporate "culture." Yihua Group documents, flyers, and posters tout its guiding principle: "Managing a business requires the management of people, and the management of people requires that you manage their thinking." Its corporate management methods are similar to the methods used in prison administration: workers begin and end the workday singing songs praising Yihua Group and the Communist Party, during meetings they are required to read Yihua Group public relations materials, and they are regularly made to write reports about what they have learned from their experiences. Workers who fail to comply are fined or have points deducted (an indirect fine).

Fourth, the workers' right to rest is ignored. Any excuse to hold meetings is a good excuse. All workers are required to attend meetings whenever an Yihua Group manager tells them to, regardless of whether they have just started work or come off a nightshift. Meetings are not counted as compensable overtime or vacation, and any employee who fails to show up for a meeting is fined between ten and 40 *yuan*.

Fifth, Yihua Group boasts that it "would rather earn 100 million *yuan* less than lose a single life," which makes it sound like they place great emphasis on worker safety. Jiang Yuanhua also speaks of showing kindness to workers in order to ensure a safe workplace. Yet workers are in fact discouraged from wearing helmets and safety belts because they are supposedly a "waste of money." Safety equipment is inadequate, technology is unsafe, and when accidents do occur, those involved (usually the victims themselves) have fines deducted from their pay. The management also somehow always manages

to evade demands for work injury compensation. Consequently, the workers and employees joke bitterly that Yihua Group would “rather lose a life than earn a penny less.”

Sixth, anyone who hopes to be hired by the company has to declare a commitment to the “corporate culture;” otherwise, they will not be hired.

Seventh, the company’s “culture of enthusiasm” manifests itself in two ways. First, whenever there is a meeting, no matter how big or small, participants are required to make a “V” sign with their right hand and shout in unison, “Very good, very good, excellent, yeah!” So far, those who fail to do this have not been fined or had points deducted, but they are considered “backward elements” and the managers may give them a “C” grade in their comparative management evaluation. This “culture of enthusiasm” also manifests itself in a series of sexually suggestive games, such as men passing sheets of paper to their female colleagues with their mouths, men and women counting off by number and hugging in groups, or sticking chewing gum on a colleague’s bottom, in addition to other similar games involving sexual innuendo.

2. COMPARATIVE MANAGEMENT

Jiang Yuanhua divides all Shuanghuan workers and employees into A, B, and C categories, and subjects them to “horizontal comparisons,” “longitudinal comparisons,” and “cross comparisons.” All employees are compared on the basis of obedience, attitude, resource usage, output, enthusiasm, and gratitude. Irrespective of position, kind of work, or whether it’s a comparison of apples and oranges, everyone is compared to everyone else, without any clearly defined criteria. Even when every employee tests at 100 percent, the management will find employees to give a “C” grade to. Employees in Category C are not paid in full, and what is deducted

from their pay goes to employees in Category A. Yihua Group thinks that this gives workers a “sense of pressure” and motivates them to work harder.

3. SYSTEM OF INVESTIGATION AND RESPONSIBILITY

When an accident occurs, the responsibility of everyone involved is investigated from top to bottom. However, workers at the bottom end of the pecking order are given no opportunity to lodge a complaint when there is an accident, and higher-level staff exact exorbitant fines from their subordinates. The fines are arbitrary, and human feelings and basic decency are simply ignored.

4. TEAM LEADERS

Using a system of team leaders is part of the “magic formula” that Yihua Group uses to divide workers and to make the money it uses to buy slave labor. In his speeches, Jiang Yuanhua states, “I firmly believe that workers need money. If you give a worker money, there is nothing he can’t do.” Yihua Group recruits part-time and full-time team leaders from within Shuanghuan, claiming that “anyone can become a team leader.” The team leaders’ tasks are to communicate Yihua Group corporate spirit and report to the higher-ups what every worker is thinking and how well he or she is working. In addition, team leaders make sure that workers who are doing a good job are paid, and that workers who are not performing well have money deducted from their pay. Finally, team leaders also visit the families of workers who are in some way “problematic” and work on their commitment to the company through “ideological work.” Three kinds of workers are the focus of this work: Falun Gong practitioners, workers who have been released from a Reeducation-Through-Labor camp, and workers who do not identify with Yihua Group culture.

The following document, which I have reorganized to smooth out the rough edges, was written by a worker at

Yihua Group and was originally entitled, “Yihua Group’s Fascist and Revolting Corporate Culture!”

Document #2

According to the workers, management openly admits that they intend to manage everything and everyone from top to bottom. Their goal is to have everyone assimilate. They claim that the Yihua Group corporate culture is a faith, a religion. During their meetings, they openly say, “I am a wolf and you are the sheep, and the sheep must love the wolf.” Even when you only make meager wages, you are still supposed to love them. Yihua Group’s chairman drives a fancy car and you are still supposed to love him. He takes your money and you are supposed to feel grateful.

Workers are often forced to go running and sing songs during work hours. One day it was sleeting, yet we were still made to run and sing. Everybody was soaked through, down to his or her shoes. People standing on the street who saw us running that day said we looked like a bunch of lunatics. But as they made us run farther and farther, some bystanders became disgusted with Yihua Group and declared that it was an evil company. Some of the workers came down with a cold and fever and were not able to go to work that day. The workers who did not go running consequently had 200 *yuan* deducted from their pay. The managers say, “Some people must go mad for the enterprise to succeed.” This kind of talk is ridiculous.

It’s like the Cultural Revolution. We have daylong meetings every other day or so and minutes are kept of every meeting. Even low-level managers feel tremendous pressure to hold meetings that last all day. They all say that they are exhausted and are being driven around the bend, working within a system with 400 rules. Even visitors deem it barbaric. Workers are also under enormous pressure. They are always complaining and can’t wait for the day when Jiang Yuanhua will get his comeuppance.

None of us can stand it anymore. I’ve lost count of the number of people who curse him and have just about had it with him. Not a day goes by when we don’t mutter obscenities about our situation. In reality, the incompetent are staying in their jobs and all those who are any good want to leave. One day, 70 workers quit because they couldn’t stand it anymore. Some days, I too have been driven to the point where I no longer wanted to stay. Yihua Group is driving lots of people away in this way. Once they quit, the company hires migrant laborers and pays them very low wages.

The workers say that Yihua Group has introduced a system of joint responsibility (*lianzuozhi*).² My eldest brother had some sort of minor executive position in the company, but he was put under enormous pressure, demoted, and in the end dismissed from that post. When he went in to see Jiang Yuanhua, Jiang actually wanted him to say how thankful he was. My brother told him, “You’ve brought me this low and I’m supposed to feel gratitude? You must be joking!”

During this year’s weeklong May 1st holiday, we had to work everyday and were not paid overtime, as we should have been. Every worker was paid just 60 *yuan* a day. They also decided to only pay 60 *yuan* a day for May 1–3, and the regular wage for the four days between the 4th and the 7th. There was no overtime pay, which is a serious violation of the Labor Law.

The workers say that the company song speaks of “putting people first” and “seeking truth from facts,”³ but when has this company ever put people first and sought truth from facts?

MY COMMENTS

A particularly problematic aspect of Yihua Group's managerial methods stands out in these two documents. The problem can be summarized in four words: the enslavement of thought. Freedom of thought is humankind's most precious treasure as well as a fundamental human right. An individual who loses his right to think and choose freely is a slave. Cultures evolve over long periods of time and the production and absorption of culture is characteristically spontaneous and voluntary. Any attempt to artificially create culture over a short period of time to further selfish interests is as doomed to failure as trying to make rice shoots grow faster by pulling them up. The world's most notorious (and absurd) example of culture being rammed down people's throats was Hitler's fascism. This culture, which claimed to be "glorious" and "beneficial to society," openly sacrificed the rights and interests of individuals in pursuit of collective goals. Public power and authority were usurped to impose fascism on society, resulting in a disaster of unprecedented magnitude. The two documents reproduced above reflect Yihua Group's "corporate culture" and the way it subjects workers to ideological remolding. Yihua Group is, in fact, brainwashing its workers. Yihua Group's managers may simply be stupid and ignorant. But motivated in all likelihood by self-interest, they have clearly imposed their chairman's personal values on workers and employees, demanding unconditional obedience not only in behavior but also in thought, and thereby vio-

lating the workers' fundamental right to freedom of thought—a right that is guaranteed in the Chinese Constitution and the Universal Declaration of Human Rights. This "culture" is a serious violation of both workers' rights and the Chinese Constitution, which is the spiritual foundation of the nation. It is an enslavement of workers and an enslavement of thought dressed up as a "corporate culture." It is gilded slavery, but slavery nonetheless. Under the guise of a "corporate culture," Yihua Group is actually practicing something that comes close to fascism.

In any business or industrial enterprise, be it private- or state-owned, a manager's principal goal ought to be to establish good business and work practices. The goal and function of a corporate culture is to unite a company's workers and employees. Any corporate culture that fails to achieve this goal—and worse, sows dissension and discord among workers and makes them feel like slaves—is a pernicious failure, no matter how high-sounding its slogans. By driving workers to the point of railing and cursing at the corporate culture, Mr. Jiang Yuanhua may be close to being fired himself. If this man stays in this company for much longer, there is no telling what will happen. If resentment is allowed to grow, it may sooner or later lead to big trouble. In fact, most cases in which workers supposedly "make trouble" (*naoshi*) are caused by unreasonable and arbitrary managers who treat workers unfairly.

Document #3

“YIHUA GROUP’S INVESTMENT SCHEME FOR SHUANGHUAN”

In December 2006, shortly after it had taken over control of Hubei Shuanghuan Chemical Co., Yihua Group announced that because it had just bought another factory and needed investment capital, Yihua Group executive and management personnel at every level (including chief operators, workshop technicians, workshop directors, and administrative and technical office managers) were invited to invest sums ranging from 10,000 to 30,000 *yuan*, 50,000 to 100,000 *yuan*, or 200,000 to 400,000 *yuan*, depending on their rank. Registration forms were posted in every department for individuals to write down how much they intended to invest. It was supposed to be on a purely voluntary basis. But no one knew what exactly the investment project involved or where the money was going. It was all very vague. Later, the company’s main office said that the reason why the investment project had not been explained in detail was that the return on investment was very high, and the workers who were unable to invest would feel like they had been unfairly left out. But there was no written explanation available and those who qualified as investors figured that Yihua Group was letting them get rich first (they believed what Yihua Group had promised), so they all put down their names as investors.

In February 2007, on the eve of the Chinese New Year, a vague statement came from the management saying that the factory investment project was a coal mining-related enterprise which Yihua Group had bought in Bijie, Guizhou Province, and that Yihua Group stood to make money from running it. At that time, Yihua Group had begun imposing its “corporate culture” on Shuanghuan. The management instructed everyone who had declared a willingness to invest to immediately make a deposit in one of a number of designated bank accounts. In most cases, the employees went to a local branch of the China Construction Bank and deposited their hard-earned money, which many had been storing in suitcases, in an account under the name of their factory

director. They were given ordinary office worker deposit receipts that read “individual investment of **0,000 *yuan*”—but that’s all they received. Some were not even asked to sign anything, received no deposit stamp, and in some cases did not even get a receipt. A number of China Construction Bank clerks actually told the Shuanghuan employees that they were being stupid because they had no effective proof of deposit. Yihua Group employees figured that since so many employees had invested their money, the company would not dare pull any funny business. Some thought that because they had answered Yihua Group’s call to invest, this would secure or further their careers in the company. However, Yihua Group also circulated a reminder that “there is never any guarantee that an investment will pay off.” Many employees figured that since so many people had invested in the factory, Yihua Group’s management could not possibly allow it to fail. This is how they reassured themselves.

The team leaders worked very hard to get employees to invest in the project. The actual capital needed for the investment project exceeded the amount originally estimated. In fact, each contribution level was passed on to the one below it, the minimum payment being 10,000 *yuan* per person. Those who originally intended to invest 20,000 *yuan* were pressured to invest 30,000, those who originally intended to invest 40,000 were pressured to invest 50,000, and so on, with some employees even investing amounts between 100,000 and 300,000 *yuan*. According to the most conservative estimates, more than 1,000 people invested money, although accurate figures are impossible to obtain.

Having witnessed all this craziness in Yihua Group, some employees with technical skills wanted to resign, but the money they had invested became an unshakable millstone around their necks. Many have deep regrets. No one knows how well production and business operations are proceeding at the factory in which they have invested their savings. Yihua Group has never made any promises about it.

MY COMMENTS

This is an explicit allegation. If it turns out to be true, Yihua Group management has certainly been violating the law, and its workers and employees have shown a woeful lack of awareness of their rights. Whenever money changes hands in an investment project or in any other business operation, the two parties involved must have legal written proof of the transaction. But since in this case the investors did not receive deposit slips with the bank's official stamp, and in some cases did not even get a receipt, how can they defend their rights and interests? Suppose this company runs into trouble one day and its top managers skip town with all the money? To whom would the employees turn to get their money back?

To summarize, I would conclude that Yihua Group is not managing its workers and employees, but cheating and enslaving them. Yihua Group's "corporate culture" is not a culture at all—it is uncivilized and detrimental to society. It is, in sum, inhumane.

Modern companies, be they privately owned or state-owned, pursue profits. But the pursuit of profits must not violate human rights or the law under any circumstances: violating the law and human rights in the pursuit of profit is a crime. This kind of wealth creation is not only not beneficial to society, it is actually harmful. The relationship between management and employees is a contractual relationship. Moreover, a company is an independent corporate (legal) person while its employees are independent natural persons. Corporate persons

have no right to treat natural persons like slaves. A company may require its workers to work, but it may under no circumstances treat them like slaves. The Communist Party advocates "putting people first." But by brazenly treating people like slaves, Yihua Group is doing the very opposite of what the Communist Party advocates. If the local Communist Party committee is still a political organization representing the working class, it ought to step forward to protect the lawful rights and interests of workers, be of one mind with workers, speak on behalf of workers, and advance workers' rights. If it cannot bring itself to do any of this, it ought to promptly change its name and allegiance.

Translated by Paul Frank

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Notes

1. "Putting people first," or running a "people-centered" government (*yiren weiben*), is one of President Hu Jintao's key slogans.
2. *Lianzuo* could also be translated as a "system of guilt by association."
3. "Seeking truth from facts" was a slogan popularized by Deng Xiaoping to promote an economic policy based on pragmatism rather than ideology.